

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

May 4, 1987

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MEMORANDUM FOR HOWARD H. BAKER
AND FRANK C. CARLUCCI
THE WHITE HOUSE

SUBJECT: Report of Third Preparatory Meeting for the Venice
Economic Summit

The third preparatory meeting for the Venice Economic Summit was hosted by Italy April 30-May 2 in Porto Cervo, Sardinia. I participated in the meeting as the President's Personal Representative. Assisting me were David Mulford, Assistant Secretary of the Treasury for International Affairs and Stephen Danzansky, Senior Director for International Economic Affairs, NSC.

We have made substantial progress on the economic and political issues likely to come up at Venice. There is general consensus on the following economic issues:

- economic coordination among Summit countries;
- structural adjustment;
- debt.

At this stage, we remain divided on how to deal at Venice with agriculture and trade. On both these issues, we are pushing for a much stronger statement than are either the EC or Japan. Furthermore, we have not yet reached agreement on how best to handle "special interest" topics like the environment, energy, technology cooperation, and AIDS. We will discuss these topics further at the final preparatory meeting May 15-18 in Venice.

Regarding political issues, there is general agreement that Heads of State/Government will wish to focus on East-West relations. Political Directors of Summit countries will meet May 15, first alone then with the Sherpas to recommend how to clarify the scope and content of the political discussions.

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I am optimistic that the President can have a successful, substantive meeting with his colleagues in Venice. To achieve U.S. objectives he will need to assert leadership, a role to which he is accustomed and which his colleagues will expect of him.



Allen Wallis

Attachment:

Report of Porto Cervo Sherpa Meeting

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